



# Petroleum Market Report

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Energy Information Administration  
Office of Oil & Gas

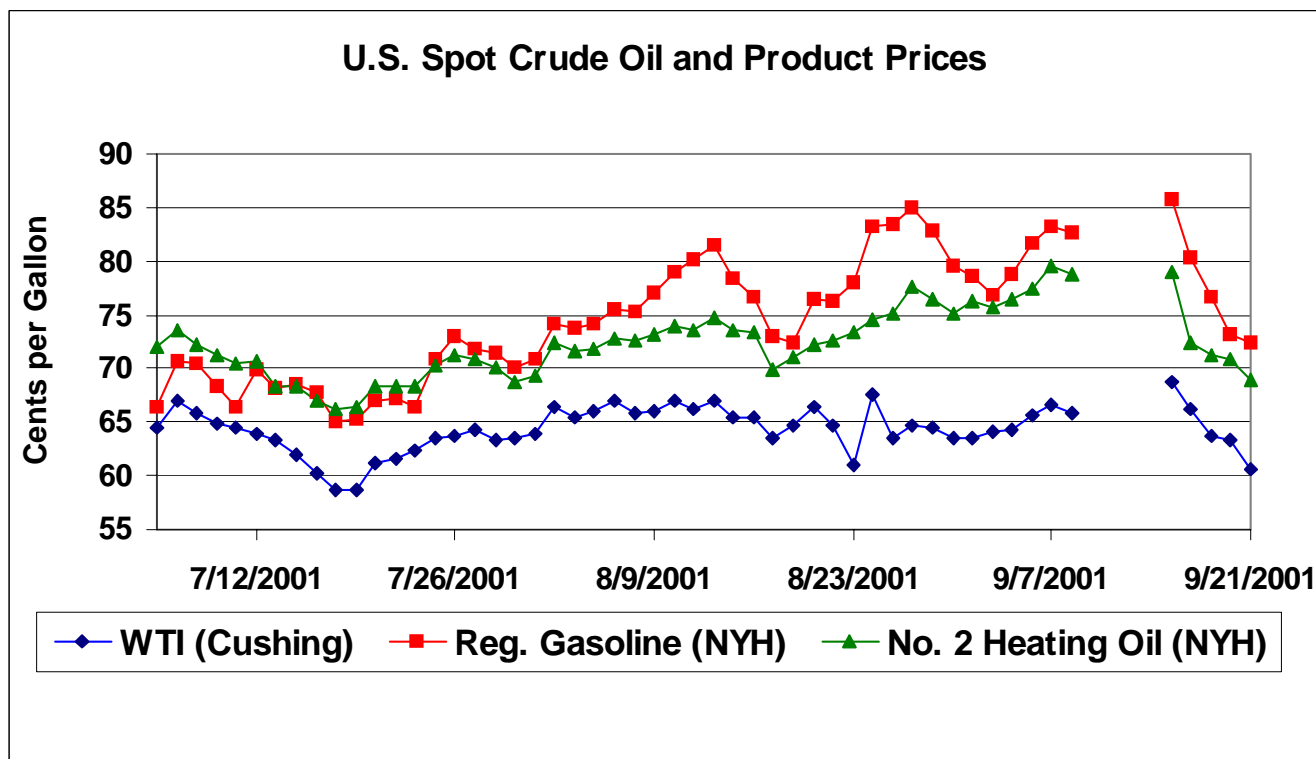
## MARKET SUMMARY

Spot and futures prices were down last week as falling consumer confidence and fears of a looming recession put downward pressure on prices. OPEC gave indication that it would guarantee crude supplies in the event of a loss in global oil supplies from any upcoming conflict. Even a reported unexpectedly large drop in gasoline stocks the previous week, possibly attributable to substitution of driving for flying, was not able to bolster prices. Additionally, analysts say that jet fuel demand has decreased significantly since the attacks, which may force refiners to switch the product slate to making more gasoline and distillate fuel oil.

**Crude oil** - October crude expired Thursday at \$26.59 per barrel after losing 9.9 percent in its last four days as the front month contract. November crude lost \$0.76 on Friday, ending at \$25.97 per barrel.

**Gasoline** - gasoline prices were down for the week despite stockdraws. NYMEX gasoline futures ended at 72.15 cents per gallon on Friday, down 11.02 cents for the week.

**Distillate** - the reduced demand for jet fuel continued to put downward pressure on heating oil prices, as NYMEX heating oil fell 9.83 cents to end at 70.87 cents per gallon.



## ***CHRONOLOGY OF RECENT MARKET EVENTS***

- 9/21- falling-** prices ended the week by continuing to move down. Some analysts predict that the decrease in air travel may lead to greater demand for gasoline, as people substitute driving for flying.
- 9/20- mixed-** losses were less severe as Fed Chairman Alan Greenspan stated that although the U.S. might suffer short term losses, long-run economic prospects “have not been significantly diminished.”
- 9/19- falling-** crude prices continued to fall on fears of weakening demand. OPEC stated that oil supplies will be guaranteed in the event of any upcoming conflicts. Heating oil and gasoline may feel downward pressure as refiners switch from jet fuel to other products.
- 9/18- falling-** energy futures continued to fall as fears of an imminent recession and reduced jet fuel demand weighed heavily on traders’ minds in the wake of Monday’s drop in the financial markets.
- 9/17- falling-** crude and product prices dropped as trading resumed for the first full day after the attacks. Prices were down in part because of a report, which was later denied, that a Kuwaiti oil minister said OPEC was willing to accept a \$20-\$22 per barrel price band for oil.
- 9/14- market closed-** NYMEX reopened for a few hours of electronic trading before technical problems cut the session short. Crude and products were bullish during the short trading period.
- 9/11-9/13- market closed-** U.S. petroleum market activity was limited last week following the attack, with the temporary closure of the New York Mercantile Exchange (NYMEX) leaving domestic spot markets without their usual benchmark futures prices.
- 9/10- mixed-** NYMEX crude and products were down as profit taking was the main influence in a day of little market moving news. The Qatari Oil Minister stated that OPEC was unlikely to increase oil production in the fourth quarter.
- 9/7- rising-** crude and products gained for the third consecutive day, as low inventories fueled refiner buying despite bearish news for the economy as a whole. An announcement that the unemployment rate had hit the highest level in four years rocked the U.S. stock market.
- 9/6- rising-** crude and product futures gained sharply as large draws in stocks exerted bullish pressure. Distillate stocks were down at a time when they are usually building to meet winter demand. Gasoline stocks were down after increased demand around the Labor Day holiday. Several refineries remain down for maintenance.
- 9/5- rising-** gasoline stayed strong amid forecasts of a stock draw. Strong gasoline demand and outages in several refineries helped to push up prices.
- 9/4- mixed-** NYMEX crude and product futures ended lower after Friday’s rally. The market appeared to have already factored OPEC’s production cut that took place on Saturday. Venezuelan Energy and Mines Minister Alvaro Silva stated that OPEC is still pushing for higher prices despite worries that it might push the world economy into recession. Conoco failed to restart a gasoline unit in its Oklahoma refinery.